Jeb Bardon

Indiana State Representative

Bardon votes "NO" on tax increases

Summer, 2002

Dear Friends,

This past month I found myself in the very difficult position of being in disagreement with the leadership of my own Democratic party over how to resolve Indiana's fiscal crisis. Gov. O'Bannon called legislators back into special session to try and solve a three-tiered problem facing Indiana. There was little consensus as to how to correct the State's fiscal problems in a fair and equitable way. After much debate and thought on the matter, I chose to vote "NO" on the final bill.

The problems included a growing budget deficit of over $1.2 billion, a court-ordered property tax reassessment that threatened to raise residential property taxes 33 percent and a business tax structure that hindered economic growth and the development of new businesses in Indiana.

Under the tax and budget plan signed into law by Gov. O'Bannon, less than half of the current deficit is replaced, and the shortage continues to grow because of the lackluster economy that is being experienced nationwide. Most estimates project that the State will be in the red by over $1 billion in January of 2003. The end result being that further, deeper cuts will be required in vital programs such as education, public safety and medical care for the elderly and disabled.

In the short-term, the average property tax bill *should* decrease state-wide as a result of the increased sales tax. However, that is not guaranteed under the new law, and projections for our district do not suggest we will see the forecasted decrease. In fact, homeowners may potentially see an increase in residential property taxes. If you are renting a home, apartment, or mobile home, there is the strong likelihood you could see an increase in rent.

Finally, business taxes needed to be restructured. *Restructured* is the key word from my perspective—not shifted to individuals. The end result of this bill is that businesses, particularly "big business" in Indiana, received over $700 million in tax reductions. These included the elimination of the inventory tax, the corporate gross income tax, and huge reductions in business property taxes.

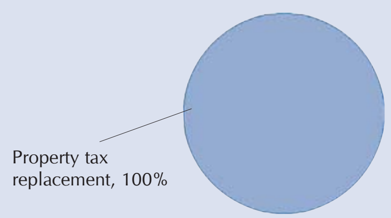
Unfortunately, individuals will bear the burden through increased sales, gas, cigarette and gambling taxes. As a result of the input I received from the voters and what I saw and heard about these issues, I decided to vote against the bill. My "NO" vote was not something I took lightly. The future of Indiana is too important for politicians to just throw up their hands and say they will vote for anything so they can go home and campaign for re-election. . . but I'm afraid that is what happened. I felt it was a true disappointment. The challenge we now face is to try and balance a budget in January, after we have all felt the impact of a misguided "budget Band-Aid." Please feel free to contact me with your thoughts, questions, or concerns about this issue or other matters of state government.

Sincerely,

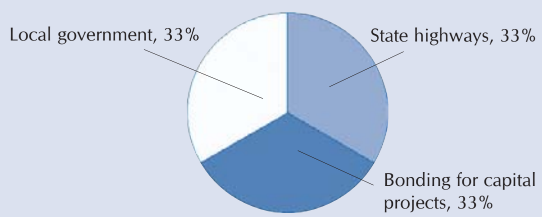
Jeb A. Bardon

Tax increases Jeb voted against

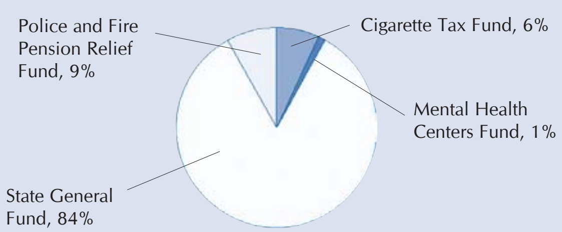
Sales tax
1% increase effective 12/1/02



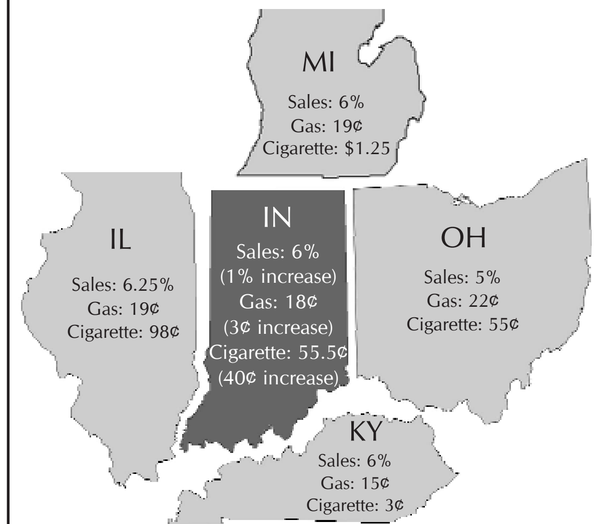
Gas tax
3 cent increase effective 1/1/03



Cigarette tax
40 cent per pack increase effective 7/1/02



How does Indiana rank with its neighbors?



Data from the Federation of Tax Administrators

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Where did the surplus go?

"Where did the surplus go?"

I am frequently asked that by people in our District. It's a fair question, because it wasn't so long ago that Indiana's treasury was flush and the question for lawmakers was not so much whether we were going to cut taxes, but which taxes we would cut.

Most of the surplus went back to you, in the form of tax cuts enacted by the legislature during the past few legislative sessions. I have outlined those tax cuts in the space below.

Take a moment to look at the list. Those tax cuts provide benefits for just about every group of Hoosiers, young and elderly.

On top of these cuts came the economic slowdown which gripped Indiana over the past 15 months. During the 2001 fiscal year, our rate of growth fell from 4.5 to 2.7 percent, a drop in our economy that has had a harsh impact on general fund revenues in our state budget.

As a legislator, I frequently hear from people who worry that we didn't provide enough funding for roads, education, home health care and prisons, among countless other programs. Now we have new concerns: emergency management and homeland security.

Rep. Bardon hangs a flag at the Habitat for Humanity home built by members of the House of Representatives in September.

How the surplus was returned to you:

•Income Tax Cut for Seniors	$ 18,000,000
•Increasing the Homestead Credit	$381,000,000
•Personal Property/Inventory Tax Cut	$323,000,000
•Welfare off of local Property Tax Rolls	$ 68,000,000
•Property Tax Deduction	$111,000,000
•Dependent Child Exemption	$232,000,000
•Low-Income Tax Credit	$ 63,000,000
•Inheritance Tax Cut	$ 59,000,000
•Renter's Deduction	$ 22,000,000
•Repeal of State Add-back Requirement	$174,000,000
•Unemployment Tax Cut	$108,000,000

Additional Funding Returned to Hoosiers

•Reduction in unfunded liability in the retired teacher pension program	$300,000,000
•Additional funding for local roads and streets, divided among counties, cities and towns	$300,000,000
•Cost of living adjustment in the Teachers' Retirement Fund	$172,200,000

Before September 11, I doubt that many of us paid much attention to those issues, but they demand our consideration now and will in the years ahead.

Our challenge is to meet the financial needs of the State without increasing the burden on taxpayers. I believe we can do this through increased efficiency in State government, trimming of unnecessary "pork" projects such as the Build Indiana Fund, and the elimination of waste from all branches of government.

Hoosier Lottery profit distribution*

A. $293.2 million designated for public schools' tuition support

B. $94.3 million allocated for school technology

C. $365.1 million to the Teachers' Retirement Fund

D. $178.8 million to the Pension Relief Fund (retirement benefits for police officers and fire fighters)

E. $287.6 million to Build Indiana Capitol Projects Fund

F. $46.2 million to local road construction

G. $578.6 million to lower license plate taxes

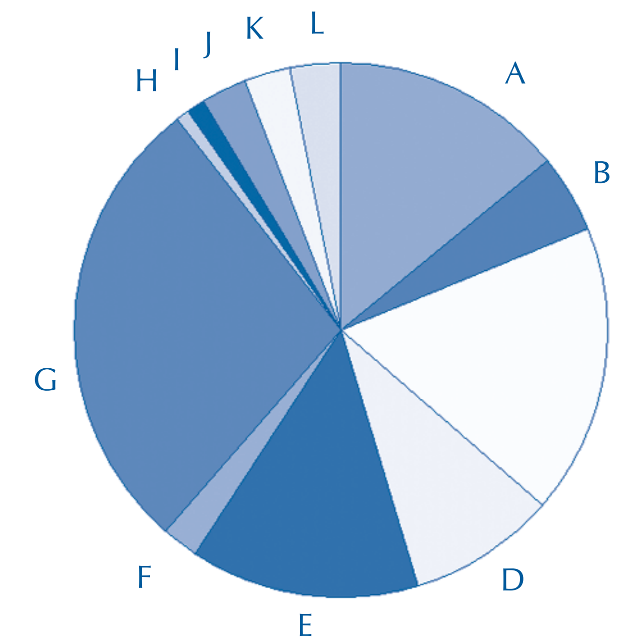
H. $15 million to the state's general fund to help offset a revenue loss during the recession

I. $27.8 million dedicated to job creation and economic development

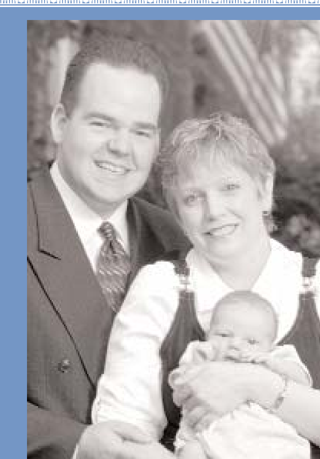
J. $56.8 million appropriated to the Property Tax Replacement Fund

K. $57.5 million earmarked for the construction of highways

L. $60.8 million to Lottery and Gaming Account



*Figures current as of 3/31/02



My wife, Kristie, and I would like to thank everyone for their thoughts and prayers as we welcomed our first child, Zoe Angeline, into the world in June. If you see me yawning at a neighborhood meeting or looking a little puffy under the eyes, please know that I've been enjoying fatherhood at all hours of the night.